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CONSEQUENCES OF THE WITHDRAWAL OF UNITED STATES FORCES FROM TSINGTAO

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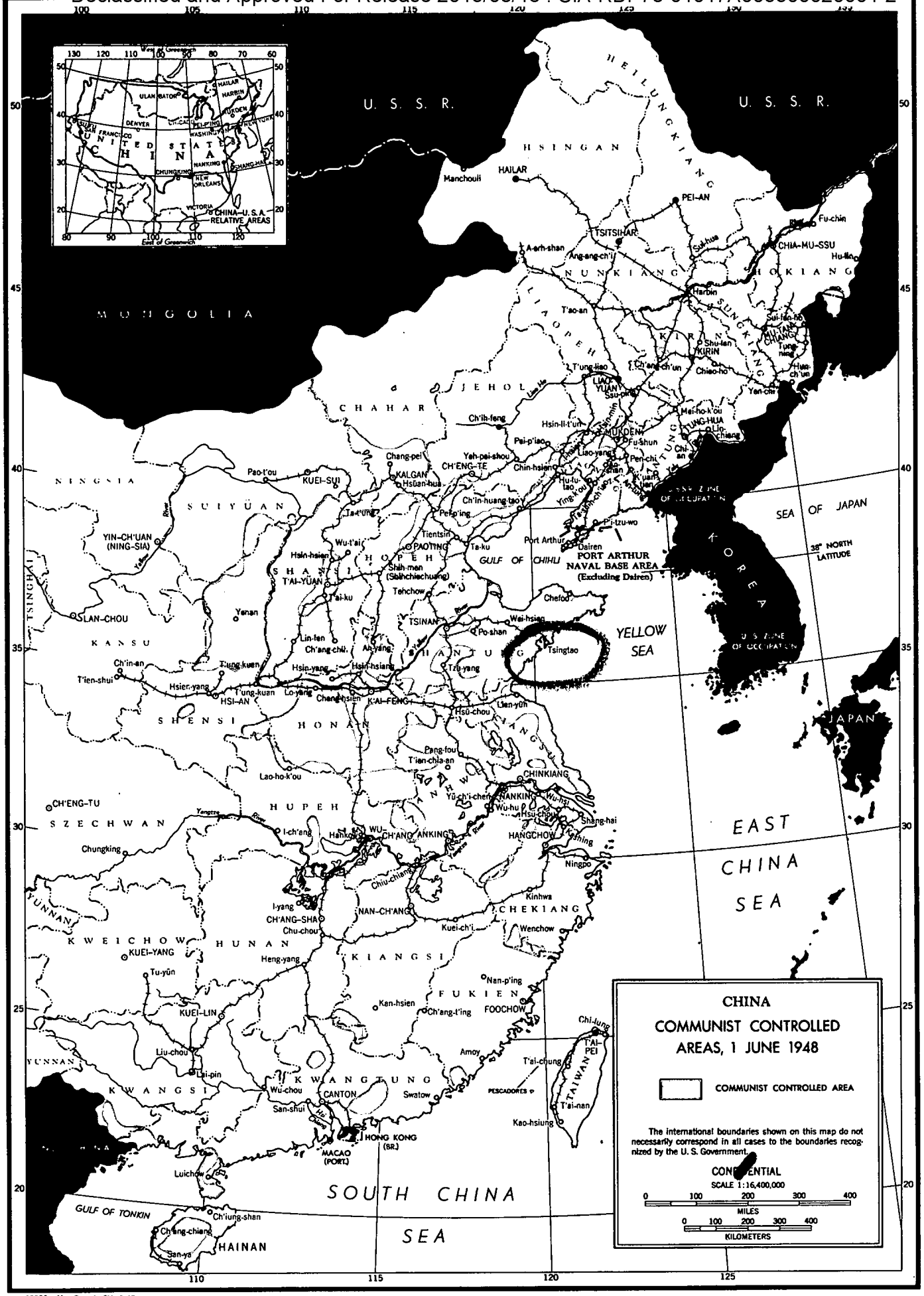

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CONSEQUENCES OF THE WITHDRAWAL OF UNITED STATES FORCES FROM TSINGTAO

SUMMARY

1. Communist forces in Shantung Province are presently capable of seizing Tsingtao.

2. US expulsion from Tsingtao by Communist force of arms would most severely damage US prestige. A voluntary US withdrawal would obviously avoid this extreme contingency.

3. If the US forces remain, it is highly improbable that the Chinese Communists would assault Tsingtao, at least within the next six months, although the possibility of local raids cannot be dismissed.

4. Although voluntary US withdrawal from Tsingtao would avoid the extremely damaging consequences of expulsion by Communist force of arms, such a withdrawal would certainly incur grave damage to the US position in the Far East and throughout the world. Whatever explanation was given for the withdrawal, Soviet and Communist propaganda would herald it as a US strategic retreat reflecting US judgment that the force of Communist expansion in Asia was irresistible, and popular opinion throughout the Far East and the world would accept this interpretation. In particular:

a. The Chinese National Government would be incensed and the Chinese Communists greatly encouraged by the withdrawal, which would be universally accepted as reflecting no confidence in the survival of the National Government and a withdrawal of moral support. The psychological impact of the event would prejudice existing measures intended to aid the National Government, hasten its disintegration, and facilitate the expansion of Communism in China.

b. The withdrawal would also contribute toward Soviet domination of all Korea by weakening confidence in US support of resistance to Communism and assist in establishing a conviction that Communism must eventually prevail throughout that country.

c. Native elements in Southeast Asia (Burma, Indochina, and Indonesia) already susceptible to Soviet propaganda against Western imperialism, would accept US withdrawal from Tsingtao as evidence of weakness, and would be encouraged toward alignment with the USSR as the best means of promoting and protecting local interests.

Note: The information in this report is as of 9 June 1948.

The intelligence organizations of the Departments of State, Army, and the Navy have concurred in this report; the Air Intelligence Division, Air Intelligence Directorate, Department of the Air Force, had no comment.

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CONSEQUENCES OF THE WITHDRAWAL OF UNITED STATES FORCES FROM TSINGTAO

1. STRATEGIC IMPORTANCE OF TSINGTAO.

a. To the National Government.

Tsingtao is the best port in North China and the Chinese National Government's most important naval station. It is valuable as a base for Nationalist operations in the Shantung Peninsula. In addition, it is acquiring increasing importance as a forward echelon supply base for Nationalist forces in Jehol and Manchuria and as a base for amphibious operations in support of such supply movements. Tsingtao is the last open harbor with adequate facilities which the National Government can use to support its position farther north and as long as Tsingtao remains in Nationalist hands, there is a possibility of maintaining the Government troops still left in Manchuria. This city is also the site of the US Naval Advisory Group's school which has already demonstrated that it can increase the effectiveness of the Chinese Navy and thus permit that service to play an increasingly important role in the civil conflict.

Of less importance to the Nationalists than the port facilities of Tsingtao, but of considerable value nevertheless, is the industrial plant of that city. Although the civil conflict and the inflation have sharply curtailed industrial activity in this area, production of many desperately needed commodities could be undertaken if fuel and raw materials were made available.

b. To the US.

As noted above, Tsingtao is the base of the US Naval Forces Western Pacific and the headquarters of the US Naval Advisory Group. There are more than 3500 marine and naval personnel now on shore duty in this city. Although there is no other suitable port on the China mainland to which the fleet base and Naval Advisory Group's school could be transferred, it may be possible to move these operations to Taiwan. Tsingtao is the most suitable base from which Americans in North China and Manchuria could be quickly evacuated by either air or sea in case of emergency.

In addition to its direct importance as a US naval base, Tsingtao has broader strategic interest to the US: By keeping a foothold in North China, the US could maintain contact and give support to non-Communist *de facto* independent regimes which might emerge in North China as the power of the National Government declines. Furthermore, the US base in Tsingtao serves, in some measure, to offset the advantages accruing to the USSR as a result of that power's occupation of Dairen and Port Arthur.

c. To the Chinese Communists.

Tsingtao would offer the Chinese Communists few positive advantages. The Communists have no navy and but few merchant ships so that the port facilities would be of little direct use. The USSR, of course, would be able to exploit the port; trade opportunities would expand between Tsingtao, Dairen, and the ports of North Korea

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with a consequent strengthening of the economies (and military potential) of both the Chinese Communists and the North Koreans. On the other hand, the Communists already have ports in Shantung, and it may be to their advantage to continue using Tsingtao as a means of trading through the Nationalists with non-Communist areas.

The most important strategic advantage that the possession of Tsingtao would provide the Chinese Communists, however, would be its denial to the Nationalists.

2. THE POSSIBILITY OF COMMUNIST ATTACK ON TSINGTAO.

The Chinese Communists are believed capable of launching a successful assault on Tsingtao if they choose to do so. They are capable of taking Tsingtao even if the US forces now present in that area join the Chinese Nationalist Army in the defense of the city, but would probably be unable to do so if the US forces were materially reinforced. It is unlikely that the Chinese Communists will attempt to assault Tsingtao in the course of the next six months, although raids with limited objectives are possible.

a. Communist Capabilities.

Chinese Communist troops outnumber the Nationalist troops in Shantung Province (the Communists have an estimated 295,000 troops, the Nationalists 200,000) and could provide more troops in an assault on Tsingtao than the Nationalists now have defending that city. The Communists are reported to be considerably superior to the Nationalists in morale and combat efficiency. The Communists have considerable mobility, while the Nationalists are pinned down in the cities and the possibility of reinforcing one garrison with units from another must be discounted. The acute replacement problem facing the National Government would render ready reinforcement of troops to Tsingtao difficult. There is little question but that the Nationalists have sacrificed the military security of Tsingtao in terms of both the quantity and quality of troops allocated to its defense in the expectation that the presence of US forces will deter the Communists from attempting to take the city.

b. Communist Intentions.

There appears to be little probability that the Communists will choose to assault Tsingtao within the next six months. The advantages which the Communists feel they can now derive from Tsingtao probably will not justify the price of a frontal attack, although it is not improbable that the Communists will conduct raiding operations.

Although Chinese Communist propaganda is strongly anti-American, the Communists thus far have shown little inclination to risk direct conflict with the US, in part at least, because of the possibility that this would be disadvantageous to a Communist *de facto* regime seeking international recognition. However, this is no guarantee that they would not assume such a risk if it were felt that the benefits accruing to them (and perhaps to the USSR) would so justify. At this time it appears that the presence of US forces in Tsingtao will deter a Communist assault. However, the Communists may attempt, in the next six months, to control trade between the city and

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its hinterland and to exploit civil disorders resulting from a large refugee population, widespread unemployment, and general war weariness. Such civil disorders, of course, would be an excellent mask for Communists' raiding operations. The effectiveness of such measures to bring about the reduction of the city would be very questionable, inasmuch as the Communists' capability to blockade the port from the sea will probably remain nil.

3. CONSEQUENCES OF US WITHDRAWAL.

Unless the deteriorating military and political trends throughout China are reversed or materially retarded, there is an increasing possibility that a Chinese Communist attack on Tsingtao will occur eventually, even with US forces in existing strength present in the area. Therefore the US may be confronted with a situation in which it may be forced to withdraw in order to avoid involvement in the Chinese civil hostilities. However, such a withdrawal would probably become imperative only at a time when the situation of the National Government would have so deteriorated that it would be but one of many necessary decisions in a re-examination of the entire US position in China and the Far East.

a. Favorable Factors.

Withdrawal of US forces from Tsingtao might somewhat offset the virulent anti-US sentiment currently rife among many groups in Nationalist China. If carefully arranged, a withdrawal could be presented as evidence of the "anti-imperialist" policy of the US. However, in view of the strong position of the Chinese Communists in Shantung, it would be difficult to convince Chinese opinion that the sole or primary reason for the evacuation of US personnel was a gesture of good will.

Withdrawal would avert the possibility of direct involvement of the US in the Chinese civil conflict. The consequences of direct involvement in the war are particularly serious because of the political, economic, and military weakness of the National Government. To make direct US participation in the civil warfare effective in achieving a conclusive victory for the National Government would require a substantial outlay of US resources. US involvement would probably occur when the National Government was on the verge of complete disintegration, and in such circumstances it would be very questionable whether the US, at that time, could change the tide of military events in China. As a result, the United States would suffer a very serious loss in prestige and gain little but the hostility of the Chinese people.

Immediate withdrawal from Tsingtao would also avoid the grave, albeit remote, risk of conflict with the USSR. If the US found itself actively engaged in the Chinese war on the side of the Nationalists, it is possible that the USSR would counter such aid with similar assistance to the Chinese Communists. It is estimated, however, that while the USSR will exploit every opportunity to hinder or embarrass US efforts on behalf of Nationalist China or in the protection of US interests in the Far East, the Kremlin will, for the time being, avoid an armed clash between US forces and Soviet-dominated forces.

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Withdrawal now would avert a possible hurried and embarrassing withdrawal later. Immediate withdrawal would entail a grave loss of US prestige, but such a loss of "face" would certainly be less than if the withdrawal were carried out hurriedly and under the very obvious pressure of the Communist Army. If US forces were to participate in the initial defense of the city, it would be difficult to extricate them and, even if that could be done, it would involve an irretrievable loss of "face"; the Chinese Communists would undoubtedly proclaim a major military victory over the US. Finally, withdrawal now would eliminate the danger that US forces might find themselves on Chinese soil at the time of the downfall of the National Government.

b. *Unfavorable Factors.*

(1) *Adverse Effects on US Interests in China.*

The evacuation of US forces from Tsingtao—no matter how or when it was accomplished—would be regarded by the Chinese as a withdrawal of US support from the National Government. (Chinese Communists and USSR propaganda would certainly emphasize to the Chinese and to the world that the US had forsaken the National Government.) This might set off a chain of events which would seriously undermine and probably accelerate the disintegration of the already weakened National Government.

Many Chinese who have tolerated the National Government primarily because of the prestige and material benefit resulting from support by the US may become disaffected if there were evidence that (for whatever reason) the United States was withdrawing its support. The evacuation of Tsingtao would, in effect, jeopardize the psychological benefits that have accrued to the Chinese Government and the United States Government as a result of the US aid programs. The position and the influence of Chiang Kai-shek would be weakened with a consequent acceleration of trends toward disintegration of the Government.

The alarm which the Chinese Government expressed at the proposed US warning to American nationals to evacuate the Tientsin-Peiping area is an indication of a probably more violent reaction to any move involving the evacuation of US forces from Tsingtao. The grave concern with which the Chinese Nationalists regard the Government's situation in North China and Manchuria might degenerate into utter hopelessness with a consequent snowballing of sentiment for a compromise peace with the Communists.

To the extent that the Communists have been holding off a direct attack on Tsingtao because of their reluctance to stir up additional US support to the National Government, the removal of US forces from that city would increase the probability of an early assault. If such an assault were to be undertaken and were to prove successful, the National Government would very probably blame the US, thus worsening Sino-US relations.

US withdrawal from Tsingtao, at the present time, would in effect write off the possibility that the National Government, through its own efforts and with

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foreign aid, might in the immediate future salvage the situation in North China, or reverse present trends of Chinese Communist military and political successes. If such a change occurs, the US probably would not be confronted by the necessity of withdrawing from Tsingtao under Communist pressure. It is likely that in the foreseeable future the war will continue favorably for the Communists.

(2) *Adverse Effects on US Interests in the Far East and Elsewhere Throughout the World.*

A withdrawal of US military forces from Tsingtao at this time would serve to increase political instability in the Far East. Regardless of any rationalization made by the US for the evacuation, such a move would be interpreted by the "face-conscious" people of the Far East as evidence of US weakness and an indication that this country has discounted the possibility that the Chinese Communist forces could be defeated. In addition, the US would suffer a loss of prestige throughout the world with a consequent gain in the political influence of the USSR. Furthermore, the USSR, itself, would interpret such a withdrawal as a sign of weakness on the part of the US and would be encouraged to assume a more aggressive course in Far Eastern affairs.

The downfall of an anti-Communist central government in China would accelerate the trend toward a USSR-oriented Far East. Although the Chinese Government has been steadily declining in power both as a consequence of its own ineptitudes and the growing strength of the Chinese Communists, the continued existence of a National Government provides some check to the Communist of USSR-oriented movements in the rest of the Far East. To the extent that US evacuation of Tsingtao at this time will accelerate the disintegration of the National Government, it would jeopardize an opportunity for coping with the spreading USSR influence in the Far East.

In Korea the US position would be adversely affected. The South Koreans and their newly elected leaders could easily be convinced by Soviet-inspired propaganda that the withdrawal of US forces from Tsingtao was a victory for the Chinese Communists and the USSR. Resulting uncertainty regarding US intentions and capabilities would probably weaken the determination of South Koreans to resist Communist pressure to accept the Soviet-sponsored regime established at Pyongyang. Even though US forces continued to occupy South Korea until a reasonably adequate native security force was developed, a previous US withdrawal from Tsingtao might still have unfortunate consequences. North Korean authorities might reason that they could force the withdrawal from South Korea of any US military or diplomatic missions merely by initiating a determined offensive action against the South Korean Army. Consequently the new South Korean Government's very existence might be seriously threatened at a time when the regime was in its formative stages and least able to cope with external aggression without US assistance.

In the Asiatic countries the creation of independent national governments and the formulation of international policy within these governments are being undertaken. In Burma, French-Indo China, and Indonesia, the issue of political orien-

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tation toward the Western Powers or the USSR is uppermost in the minds of native political leaders. It is highly questionable whether the United States could convince these people that the evacuation of American forces from Tsingtao at this time is anything but a victory for the Communist elements throughout the Far East.

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